Appendix III

Partial Timeline Of Conrad Black's Rise And Fall (1996-2007)

The following partial timeline of Conrad Black's rise and fall was compiled by David Olive of the Toronto *Sun* in 2008. It is helpful in trying to follow his extraordinary saga, from 1996 up to that point. Footnotes are by the author.

In 1996 Conrad Black gained control of Southam newspaper chain, Canada's largest, owner of the leading dailies in Vancouver, Calgary, Edmonton, Ottawa and Montreal. The transaction resulted in Black's control of 59 of Canada's 105 dailies. Together with his acquisitions of leading Quebec and Saskatchewan dailies, Black emerged with 55 per cent of Canadian daily circulation -- the largest concentration of daily newspaper circulation in any G-8 nation. Only Fairfax in Australia had greater dominance of an advanced country. Additional purchases of scores of small-town U.S. dailies; the Chicago *Sun-Times*, Black's only substantial U.S. paper; the Jerusalem *Post,* Israel's leading English-language daily; Canada's venerable *Saturday Night* general-interest magazine, British current affairs journals *The Spectator* and *Encounter*, and many trade magazines, saw Black reach his zenith of 500+ publications worldwide by the late 1990s — the world's third-largest newspaper group, and the largest print-only media operation.

In 1998 Black acquired Canada's century-old *Financial Post* as a platform for his October launch of the *National Post*, Canada's second national newspaper, vowing to drive a "silver stake" through the rival national *Globe and Mail* and capture circulation from what he regarded as the "left-lib" *Toronto Star,* Canada's largest daily. Nine years later, the *Post* ranked fifth among Toronto's six English-language dailies and had bled more than $200 million worth of red ink.

In August 1999, Conrad sued Prime Minister Jean Chrétien, seeking $25,000 in damages and a reversal of Chrétien's advice to Queen Elizabeth II not to appoint Black to the British House of Lords. Chrétien vindictively cited an 80-year-old parliamentary resolution (the so-called "Nickle resolution") that requested the British monarch not to confer titles on Canadian citizens. Black's lawsuit failed in court and on appeal. In fact there have been more than a hundred Canadians who have accepted British titles, including Lords Beaverbrook and Thomson.

In 2000, his enterprise tottering with debt, and correctly sensing that newspaper valuations had hit their peak, Black abruptly sold most of his Canadian newspapers to the Winnipeg-based Asper family's CanWest Global Communications Inc. In the transaction, which figured prominently in the 2005 indictment of Black and some of his associates, Hollinger International sold 13 major Canadian dailies, 136 smaller Canadian papers and a 50 percent stake in the *National Post* for $3.2 billion. Black soon sold Hollinger International's remaining stake in the *Post* to CanWest.

In 2001, Conrad renounced his Canadian citizenship, and was inducted into the British House of Lords as Lord Black of Crossharbour, named for a public transit stop near Canary Wharf where the offices of *The Telegraph* were then located. He became the third Canadian newspaper owner so honoured, after Lord Beaverbrook (Max Aitken) and Lord Thomson (Roy Thomson).

On May 19, 2003, New York-based investment firm Tweedy Browne, which had an 18 percent stake in Hollinger International, sent a "demand letter" to the company, also filed with the U.S. Securities and Exchange Commission, insisting that the board of directors probe what it alleged to be excessive payments to Black and Radler, and demanded "disgorgement" of the funds paid. This action was later regarded as the catalyst by which Black eventually lost his empire and was indicted on criminal charges.

On May 22, 2003, reacting to agitation from Tweedy Browne and other U.S. institutional shareholders, Hollinger International Inc., still controlled by Black, said it would create a special committee of directors to probe "non-compete" payments paid to Black, Radler and other parties that Tweedy Browne and other critics complained should have been paid to the company and not Black, Radler, their associates and firms controlled by Black, upon the sale of Southam and other newspapers.

On November 17, 2003, Black resigned under board pressure as CEO of Hollinger International, the centerpiece of his empire and owner of the *Daily Telegraph*, Chicago *Sun-Times*, and Jerusalem *Post*. David Radler quit as president and chief operating officer, after the special board committee reported that $32.15 million U.S. in unauthorized payments were made mostly to Black, Radler and the company's controlling shareholder Hollinger Inc. Black, Radler and other officers agreed to repay several million each to the company. In a next-day press scrum after an appearance at a Toronto bookstore to promote his newly published biography of Franklin Roosevelt, Black said: "All of you fellows who wrote today that I'm finished may not have it right, you know." Reflecting on the jump in Hollinger International's share price on news he had been removed as CEO, Black added: "I made 50 million bucks yesterday. That's a flameout I could get used to."[1]

On November 21, 2003, Conrad was abandoned by long-time friends Fred Eaton, Doug Bassett and Allan Gotlieb, who quit the audit committee of Hollinger Inc. of Toronto after their proposed accounting reforms were rejected by the firm's Black-controlled board.

On December 22, 2003, on the advice of his US legal counsel, Black took the Fifth Amendment rather than answer the U.S. Securities and Exchange Commission's questions about Hollinger International's accounting and compensation practices.

On January 18, 2004, Black resigned as chairman of Hollinger International. His own former company then launched a $200-million U.S. lawsuit against Black, Radler, Ravelston and

[1] Author's note: Conrad concedes in his book *A Matter of Principle* that this was an "ill-advised remark." (p. 155) I was standing a couple of feet away from him when he made it, and I concur with his comment that the many journalists present were there in the hopes of getting precisely that, and that he made their day.

Hollinger Inc., asserting they caused Hollinger International to endure years of "unreasonable and unjustifiable fees."

Also in January 2004, blindsiding the Hollinger International board, Black announced he had sold indirect control of Hollinger International by selling its parent Hollinger Inc. to Scotland's reclusive billionaire Barclay twins, Sir David and Sir Frederick, for $600 million U.S.

February 13, 2004: Black launched an $850-million defamation suit against certain Hollinger International directors and advisors, claiming that "false and malicious representations" of him have caused Black to be "pilloried and mocked mercilessly in the media," making him a "social leper" and a "loathsome laughingstock."

February 26, 2004: Vice Chancellor Leo Strine of the Delaware Chancery Court in Wilmington blocked Black's proposed sale of Hollinger Inc. to the Barclays, concluding that Black "breached his fiduciary and contractual duties persistently and seriously." Strine was principally annoyed that Black acted behind the back of the board, after promising to cooperate with it in the sale of the company. In his published judgment, Strine described Black as "cunning and calculated" and wrote that he found Black's courtroom testimony "evasive and unreliable" and that his explanations of his motives "did not have the ring of truth." Responding to the Strine-decision setback, Black told the London *Times*: "I assume the sadistic fascination with my life will eventually come to an end."[2]

March 8, 2004: Black was ousted as chairman of his most prized possession, the *Daily Telegraph.*

March 2004: Barbara Amiel Black resigned as vice-president, editorial, at Hollinger International rather than comply with a request from the company's special board committee to explain what work she performed to earn her $276,000 compensation in 2002.

April 30, 2004: Hollinger International, now controlled by directors hostile to Black, raised the stakes in its legal action against its founder, boosting its $200-million lawsuit to a $1.25-billion claim against Black and other former officers for alleged racketeering.

May 2004: Barbara Amiel Black was dropped as columnist at the *Daily Telegraph* after a 10-year stint, because, the paper explains, she has been added as a defendant to the lawsuit against Black, et al.

June 22, 2004: Hollinger International sold *The Telegraph* to the Barclay brothers for $1.65 billion.

[2] In the only part I played in all these proceedings, I was called as a witness in the Delaware Chancery Court to testify as to Hollinger Inc.'s financial condition. It was not a pleasant experience.

August 20, 2004: Black shed his last public company directorship, at Sotheby's Holdings Inc., by not standing for re-election at its next annual meeting May 7. The owner of Sotheby's had been Conrad's Palm Beach friend Alfred Taubman, who himself had served a jail term in the United States for price-fixing with Christie's auction house.[3]

August 31, 2004: In the 513-page "Breeden Report," so named after its author, Richard Breeden, a former SEC chief named special monitor of Hollinger International by the SEC, the three-member special board committee probing the conduct of Black and other former officers accused them of having run a "corporate kleptocracy". "This story is about how Hollinger International was systematically manipulated and used by its controlling shareholders for their sole benefit, and in a manner that violated every concept of fiduciary duty," the report said. Later in the report, the special committee wrote: "Behind a constant stream of bombast regarding their accomplishments as self-described 'proprietors', Black and Radler made it their business to line their pockets at the expense of Hollinger almost every day, in almost every way they could devise...at Hollinger, Black as both CEO and controlling shareholder, together with his associates, created an entity in which ethical corruption was a defining characteristic of the leadership team." Of the controversial "non-compete" payments collected by Black, et al, from the sale of Hollinger International assets, the Breeden Report said: "These payments were so far off normal practice that it is no wonder Black described them in a letter to Radler as 'the splendid conveyance of the non-competition agreements from which you and I profited so well'..." Breeden surfaced another Black internal statement: "It's my company, and I'll decide when and what to tell the board."

September 10, 2004: Black filed a libel suit against *Toronto Life* magazine, author Robert Mason Lee and illustrator Barry Blitt for $2.1 million in Ontario Superior Court over an article in the magazine's July issue, entitled, "A Toast to Lord Black on His Arrival in Hell." Black said the article depicted him as "so irredeemably evil that he should be consigned to hell." The lawsuit was settled in February 2004 with *Toronto Life'*s publication of a one-paragraph apology.

November 15, 2004: U.S. Securities and Exchange Commission filed civil fraud charges against Black and Radler. The case was held in abeyance until resolution of the criminal indictment against Black, et al.

March 29, 2005: Hollinger Inc., the second Black-created firm to turn against him, filed a $635-million lawsuit against Black and other Hollinger Inc. executives insisting they acted in "bad faith."

May 20, 2005: Black was captured on security cameras removing 13 boxes from Hollinger Inc.'s 10 Toronto St. headquarters, breaching a ruling he not remove materials that may be subject to

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[3] At the time, Alfred Taubman was on the board of Hollinger International, and the media asked Conrad whether he would drop Taubman from the board because of his prison sentence. "On the contrary", said Conrad. "I don't believe that he has done anything wrong, and he will be re-elected to the board and can participate in meetings by phone." Some wag then suggested that this would give a new meaning to the phrase "cell phone".

a legal inquiry. Black does not return the boxes for several days, and what was done with their contents during that time is not known. This will form the basis of the obstruction of justice counts in the criminal indictment of Black, et al.

August 18, 2005: Radler; Mark Kipnis, former Hollinger legal counsel; and Black holding company Ravelston Corp. of Toronto were indicted by U.S. federal prosecutor Patrick Fitzgerald on fraud charges.

September 20, 2005: Radler pleaded guilty to one count of mail fraud in exchange for a reduced sentence of 29 months in prison in return for his cooperation with prosecutors.

2005: Black sold his Cottesmore Gardens, London, mansion for 13.1 million pounds; he had purchased one half of the mansion in 1992 for 3.5 million pounds from disgraced Australian tycoon Alan Bond[4].

October 7, 2005: At the sale closing of Black's Park Avenue apartment in Manhattan, FBI agents intruded and seized the $8.9 million Black expected to collect on the transaction.

November 16, 2005: Black served biographer Peter C. Newman with a $2-million defamation suit over references to Black and Amiel in Newman's 2004 memoir, *Here Be Dragons*. The suit was settled in January 2006 with "statement of regret" issued by Newman.

November 17, 2005: Black was charged with eight counts of mail fraud and wire fraud by U.S. prosecutors. Also included in the indictment were former Hollinger International executives John Boultbee and Peter Atkinson, and Kipnis faced new charges. In the following days, Kipnis, Black, Atkinson and Boultbee pleaded not guilty. Black's response: "There's no truth or substance whatsoever to these charges. This has been one massive smear job from A to Z, and it will have a surprise ending...a complete vindication of the defendants, and exposure of their persecutors."

December 15, 2005: Black was hit with four additional charges — one count each of racketeering, money laundering, wire fraud and obstruction of justice — the latter related to Black's removal of boxes from 10 Toronto St. If found guilty on all counts, Black, 61, faced 95 years' imprisonment, $7 million in fines, and forfeiture of more than $92 million in funds that prosecutors allege were improperly gained.

December 16, 2005: In a Chicago court appearance, Black pleads not guilty and is released on a $20-million bond.

August 10, 2006: Judge Amy St. Eve increased Black's bail by $1 million.

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[4] In 1987 Kerry Packer, Australia's richest man, had sold Alan Bond the Nine Network at the record price of A$1.05 billion, and then bought it back three years later for a mere A$250 million, when Bond's empire was collapsing. Packer later quipped, "You only get one Alan Bond in your lifetime, and I've had mine".

September 8, 2006: Black was arraigned in Chicago on new criminal charges for tax evasion.

September 15, 2006: Black's legal team attempted to have most of the U.S. criminal case thrown out, arguing that the prosecution is depicting him as a plutocrat, making a fair trial impossible. In their motion filed in the Chicago court, Black's lawyers said that "Since Biblical times, and probably before, the wealthy have been envied and condemned..." Black's lawyers sought to have aspects of Black's lifestyle and social standing stricken from the indictment against him, including reference to Black's "membership in the House of Lords," his multiple (four) residences and the "lavish fashion" in which some are decorated, to the servant's living quarters therein, and to the surprise party Black threw for his wife, Barbara Amiel Black, and 80 guests at La Grenouille, a famous New York restaurant. The motion stated, "A typical juror does not reside in more than one residence, employ servants or a chauffeur, enjoy lavish furniture, or host expensive parties....Allegations threatening to engender class-based prejudice, identified above, should be stricken."

On December 21, Judge Amy St. Eve denied the motion.

September 15, 2006: Black revealed he had begun the process of regaining his Canadian citizenship. On September 25, Black elaborated that he was pursuing the "normal channels" for regaining his citizenship, and that "I have settled into my new life as a freedom fighter."

December 2006: Black submitted his fourth book, a biography of Richard Nixon, to his publisher.

January 2007: Ravelston, the third Black company to turn against him, said it would plead guilty and cooperate with the Chicago prosecutors. Ravelston, which sat at the apex of holding companies by which Black controlled his empire, was now in receivership. Ravelston joined Hollinger International and Hollinger Inc., the latter two under new management, as allies of the prosecution.

February 19, 2007: Black filed a $11-million libel suit against British author Tom Bower for alleged defamatory passages in Bower's 2006 tell-all Black biography, whose Canadian title is *Conrad & Lady Black: Dancing on the Edge*. Black had already opined on the book in a British newspaper op-ed essay, writing that Bower's "keyhole, smut-mongering side-piece portrayal of my wife as a man-eating sex maniac prior to her marriage to me is disgusting."

March 6, 2007: U.S. federal prosecutor Patrick Fitzgerald, who brought the criminal indictment against Black and oversaw the four-person team that would make the government's case against Black, scored a coup with the conviction of I. Lewis ("Scooter") Libby, 56, former chief of staff to U.S. Vice President Dick Cheney and for decades one of Washington's most prominent political figures, for lying to a grand jury and FBI agents probing the leak of the identity of a C.I.A. operative in 2003.

March 14, 2007[5]: Jury selection began in U.S. District Court, Northern District of Illinois, Eastern Division. About 80 lawyers were involved in the case; approximately 11,000 company e-mails have been filed as evidence; and some 300 journalists were expected to cover the case.

After twelve days of deliberation, on 13 July 2007, the jury found Black guilty of three counts of mail and wire fraud and one count of obstruction of justice and acquitted him of nine other charges, including wire fraud and racketeering. The fraud convictions related to money taken by the executives in exchange for their agreements to not compete with various Hollinger units. Prosecutors claimed these were fraudulent agreements. Co-accused, Peter Y. Atkinson, John A. Boultbee and Mark Kipnis, were each found guilty of mail and wire fraud (David Radler had already pleaded guilty to fraud).

On November 5, 2007, Judge Amy St. Eve denied Black's motion for a new trial. On December 10, 2007, Black was sentenced to 78 months in jail. Twelve weeks later, the Court of Appeals denied his motion to remain free on bail while appealing his convictions. Black requested to be housed in a minimum security prison camp near Miami but the Bureau of Prisons denied his request and instead ordered him to report to Coleman Federal Correctional Complex near Orlando, Florida on March 3, 2008, to begin serving his sentence. He was released for a time while his conviction was under appeal, but when it was confirmed that he had to go back to prison, Conrad referred to this second imprisonment as his "victory lap."

[5] 29 years less a day after Bud McDougald's death.